(d) what steps Government have taken so far to bring out qualitative changes in the functioning of banks in the coming years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) Yes Sir. Indian Banks' Association (IBA) has reported that the news item in the Hindustan Times of 13th August, 1993 was based on the proceedings of a meeting between the bankers and the Federation of Indian Chambers of Commerce and Industry (FICCI), JV Shetty Committee on Consortium Lending, Jilani Committee on Revised Method of Lending in place of the present cash credit system and the Reserve Bank of India (RBI) Inhouse Group (Vaz Group) to examine the guidelines issued to banks on lending discipline, have been referred to in the news item. IBA has further reported that reports of these Committees have not yet been released.

(b) The need-based finance are provided by the banks to its borrowers based on the economic viability and the technical feasibility of the proposals.

(c) It is presumed that the reference has been made to the spread available to the Banks between the interest rates offered on deposits and interest rate on deployment of funds, namely, the interest rate spread. The interest rate spread of banks in India and the countries like USA and UK is not comparable. The spread between the cost of funds and return of funds in the banking system has to provide for the cost of mobilising deposits and servicing the deployment of assets. The banking system is characterised by a large number of borrowal and deposits accounts and the costs of servicing these accounts are high. In this context the spread referred to is considered to be reasonable.

(d) In the process of implementing Narasimaham Committee recommendations on financial sector reforms and Goiporia Committee recommendations on customer services, RBI and Government have taken series of steps e.g. banks' assets classification, provisioning and capital adequacy norms, reinforcement of internal machinery of banks to redress customers grievances.

Reservation in Promotion

@3758. SHRI ANAND PRAKASH GAUTAM: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Hon'ble Supreme Court delivered a judgement on 19-8-90 in Writ Petition No. 847/87 in the matter of "Syndicate Bank SC/ST Employees Association V/S UOI", upholding reservation in promotion by selection method upto the highest level of officers cadre; and

(b) if so, whether the Judgement has been implemented in letter and spirit, if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTRY OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) Hon'ble Supreme Court delivered a judgement, on 10th August, 1990 in the Writ Petition No. 847/87 filed by Syndicate Bank SC/ST Employees' Association Versus Union of India and Others directing that public sector banks should provide reservations for SC/ST employees in promotions within their Officers Cadre (Group A), even when these posts are filled on the basis of selection, with retrospective effect i.e. from the date reservations were introduced in promotions in public sector banks and for all grades of officers. Later, however, the Hon'ble Supreme Court was pleased to clarify the Order dated 10th August, 1990 through its Order dated 1st April, 1991 restricting the application of its Judgement of 10th August, 1990 to the SC/ST employees of Syndicate Bank only and not to other banks. Syndicate Bank has reported that it has since implemented the judgement.

@Previously unstarred Question No. 3273, transferred from 19-8-93.